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Nation's Restaurant News®

The Newspaper of the Food Service Industry

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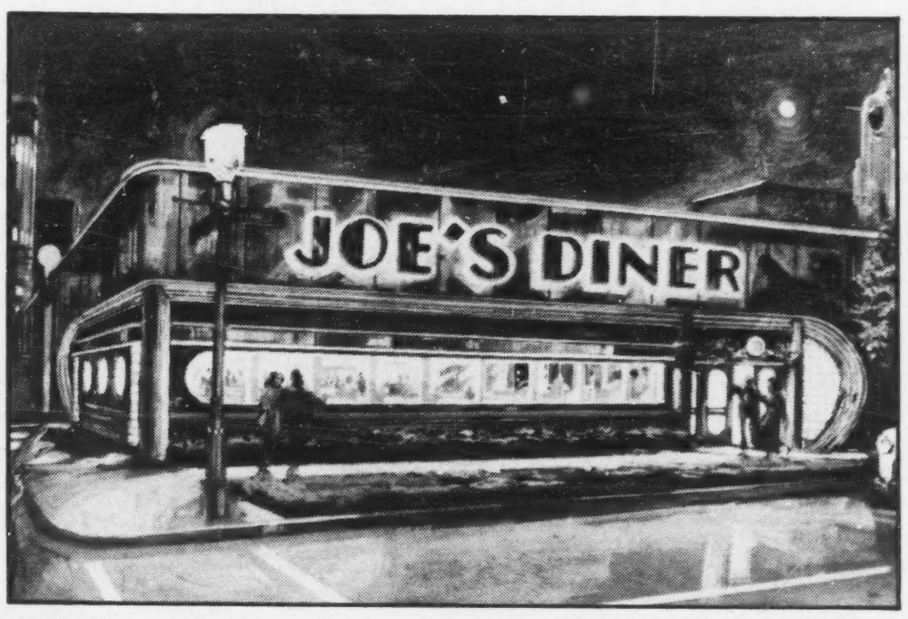

Artist's rendering of prototype Joe's Diner. Ten units are planned for southern California by 1986.

New diner concepts reflect 1940's chic

By Richard Martin

LOS ANGELES—East Coast investors and West Coast restaurateurs are teaming up to develop an upscale chain restaurant concept for the Los Angeles market, featuring American cuisine and an art deco motif, in the style of diners of the 1940's.

Tentatively called Joe's Diner, the project has a target of 10 units by 1986—all in southern California—with the first expected to open by September in the affluent Brentwood district of West Los Angeles.

Site selection specialists working with the Joe's Diner development team told *Nation's Restaurant News* that major operators, including W. R. Grace and T.G.I. Friday, also have 40's-themed diner concepts in development or in test. Reportedly, T.G.I. Friday's concept, called Dalt's, is already operating in a few locations. Company officials in Dallas refused to comment on the Dalt's operation.

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Striking a precarious balance . . .

Incentive plans proliferate as managers' salaries soar

By Richard Martin

Although "Fraction-of-the-Action" may be dead and buried, its spirit lingers on.

Incentive plans providing restaurant managers with a "piece of the rock" exist throughout the industry, but today that "rock" is being continually chiseled and sculpted into new forms as companies move away from relinquishing equity, and try to strike a balance between labor cost containment, turnover and sales/profit enhancement.

Mindful of such bygone disasters as Sambo's "Fraction-of-the-Action" plan, and Friendly Ice Cream Corp.'s "owner/manager" concept, food-service outfits continue to devise attractive compensation packages which in some cases enable unit managers to earn upwards of $100,000 annually.

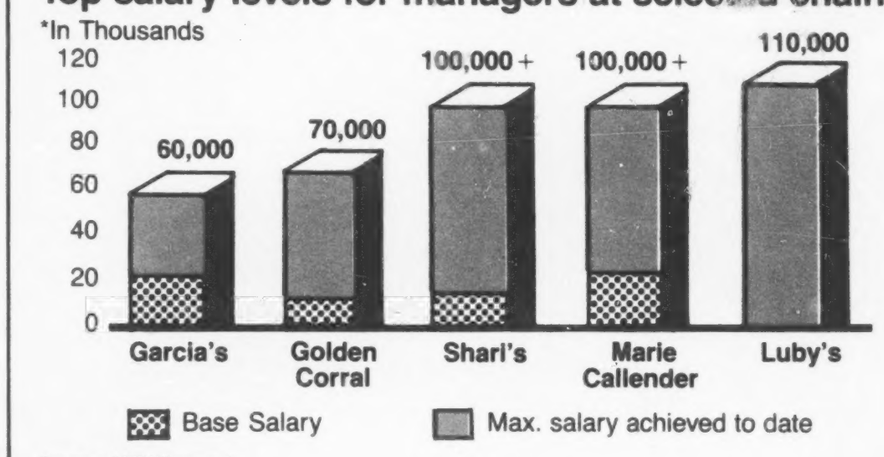
At chains such as Marie Callender, Luby's Cafeterias and Shari's coffee shops, managers can pull down paychecks in excess of $100,000 a year through strong incentives. At Golden Corral steakhouses, total compensation reaches $70,000 with a modified equity participation plan.

Expectations are that one way or another restaurant unit manager compensation is going to jump to new plateaus in the next few years, and many compare the situation to what has happened in professional sports over the last decade.

Indsutry watchers say that more companies are decentralizing their P&L responsibilities, directing many of those functions to unit managers as part of their bonus and incentive opportunities. But while management compensation begins to soar as competition for manpower heats up and the industry reacts to a dwindling human resource pool, analysts predict dire consequences for the little guys—the owner/operators.

One top executive for a major chain put it this way: "Owner/operators offer the kind of service and quality that is hard for any chain to match, but it's going to become increasingly tough for these operators to compete."

Top salary levels for managers at selected chains



Source: *NRN* Research

One of Chicago's top headhunters says: "This whole syndrome of escalating salaries and incentives may be great for the career manager, but it's going to kill the small operator who has thoughts of ever pulling back and attracting a good manager to take his place."

Examining the contents of a mixed bag of attitudes and philosophies toward management incentives reveals a great diversity of thought among those who must compete for manpower. Some company's plans seem to be virtual clones of "Fraction-of-the-Action," while others break entirely new ground. Where partnerships are created between a company and its managers, safeguards now seem to be firmly in place to short-circuit the kinds of conflicts and legal roadblocks that developed out of "real" equity-ownership arrangements of the past.

The Long Beach, Calif.-based Marie Callender chain pays its managers an average of

(Continued on page 70)

Vicorp eyes acquisition of Pillsbury pie chain

By Ken Frydman

MINNEAPOLIS—Vicorp Restaurants Inc. of Denver has signed a letter of intent to acquire Pillsbury Co.'s Poppin Fresh Pies chain here.

Pillsbury's decision to sell 59 of its 69 company-owned and operated Poppin Fresh restaurants in six midwestern cities to Vicorp was based on a redefinition of overall business strategy, according to a Pillsbury spokesman.

"We wanted to start concentrating completely on our national concepts like Steak & Ale, Bennigan's and Burger King, not regional concepts like Poppin Fresh," said the spokesman.

He said that the sale was not prompted by Poppin Fresh's low profitability and limited marketability. "The total Poppin Fresh restaurant division was in the black. Vicorp just offered the right price at the right time," he said.

The Poppin Fresh unit, founded in 1969, had 1982 gross sales of $60 million, or $869,000 per unit, down 4% from 1981 sales.

Though terms of the sale were unavailable at presstime, Vicorp president Charles R. Frederickson said the company had agreed in principle to acquire the 59 family restaurant/coffee shops for cash and debt, and to close the deal by May 31. Pillsbury will retain 10 Poppin Fresh locations to sell to other parties, officials said.

Vicorp, which recently held its first public stock offering, has no plans to convert the Poppin Fresh units into its existing Village Inn Pancake House family restaurant/coffee shop concept.

Vicorp currently owns and operates about 62 restaurant properties, primarily in the Rocky Mountain and Midwestern states. The company posted net income for fiscal year 1982 of $2.3 million on revenue of $51.2 million. (See earlier Vicorp story, pg. 21.)

"We will continue to operate those 59 properties as restaurants that feature the same fine pies as always," said Frederickson.

Frederickson does foresee some cross benefits between Vicorp's Village Inns and new Poppin Fresh units. "The vast majority of Poppin Fresh restaurants are not open for breakfast, so we will add early a.m. Village Inn ideas.

"And we will definitely use Poppin Fresh pie recipes at the Village Inns."

Pillsbury will license Vicorp to use the Poppin Fresh Pie trademark, which includes the Pillsbury doughboy name, for 30 months. When the licensing agreement expires, Vicorp will have to develop a new trademark and name for the Poppin Fresh unit. Pillsbury will continue to market and merchandise Poppin Fresh food items in supermarkets.

"Pillsbury only wanted to sell certain Poppin Fresh properties, real estate and equipment. But we wanted the whole chain," said Frederickson.

NRN *developing third employee attitude study*

NEW YORK—*Nation's Restaurant News* has launched its third restaurant-employee-attitude study, following up *NRN*'s 1978 and 1981 studies. Systems for Human Resources, Mill Valley, Calif., will again carry out the research study in the next few months under its president, William Rogin.

The latest developments in employee motivation, morale and their feelings about unions and their own companies will be explored with in-depth surveys of a wide cross-section of chains.

Operators interested in understanding the attitudes of their employees and how these attitudes compare with those at other companies in the food-service industry should contact SHR International this week at 655 Redwood Highway, Mill Valley, Calif. 94941, or phone 415-383-8280.

LATE NEWSBREAKS

Andre Gillet has been named president and chief operating officer of International Multifoods, the Minneapolis-based conglomerate that operates the Mister Donut chain. He succeeds Darrell M. Runke, who moves to vice chairman.

Ramada Inns reported a $19.8 million net loss for its fiscal year ended Dec. 30. In 1981 the company had a $30.5 million net loss. Revenues for fiscal 1982 surged 32% ahead of year-earlier figures to $548 million. Poor attendance at Nevada gaming markets in 1982 along with losses incurred at the Atlantic City Tropicana contributed to the 1982 loss, the company said.

The Chicago-based Gaslight Club group, operator of seven restaurants and nightclubs around the country with a reported 100,000 members, has filed for Chapter XI reorganization.

Neubauer succeeding Fishman as ceo at ARA

By Susan Spedalle

PHILADELPHIA—Joseph Neubauer, ARA president and chief operating officer for the last two years, has been named chief executive officer to succeed William S. Fishman, who says he will continue as the company's chairman for the next three years.

Neubauer, 41, who remains president, will continue to oversee all of the company's operations except for transportation and international business. Neubauer joined the company in 1979 as the executive vice president of finance and development and chief financial officer responsible for corporate finance, information systems and planning and development.

Fishman, who turned 67 in January, co-founded the 23-year-old company and says his "stepping over is part of a planned, orderly succession."

"It is time to make way for the modern, present generation," said the chairman who just signed a contract which will expire on his 70th birthday, the suggested retirement age for members of the ARA board.

Fishman's annual base salary will continue at $400,000 plus bonuses, benefits and consulting fees worth another $200,000 annually. Neubauer's new contract, which runs through 1984, stipulates a $300,000 salary plus bonuses, according to the company's proxy statement.

Joseph Neubauer

Fishman plans to work with Neubauer in a counseling capacity and will continue to oversee the international division, which employs over 12,000 people in 700 locations.

'It is time to make way for the modern, present generation.'

—William S. Fishman

"Now I'll be doing a lot more of the things that board chairmen are supposed to do," said Fishman. He cited long-term strategic planning as one example.

Neubauer says he does not anticipate any "radical or significant shifts in policy or direction," and will work with Fishman to continue the company's marketing, cost-cutting, and internal and external growth through acquisition. In recent months ARA has been shifting away from certain kinds of food service, such as on-site factory vending, which have been hard hit by the recession, toward a more service-oriented approach to smaller companies.

William S. Fishman

Before joining ARA, from 1971 to 1979, Neubauer held senior positions with PepsiCo Inc., which included vice president and treasurer of the parent company.

From 1955 to 1971 he was with the Chase Manhattan Bank serving as assistant treasurer and vice president of commercial lending. Neubauer is a graduate of Tufts University and received his M.B.A. from the University of Chicago.

The appointment of a chief executive officer at ARA has eluded a number of the company's top executives who finally

(Continued on page 69)

Wide-ranging interests mark Neubauer's success

PHILADELPHIA—Joseph Neubauer says his interest in people is what led him to become a patron of the arts as well as a successful businessman. Just named chief executive officer for ARA Services, Neubauer says he has succeeded beyond his wildest dreams.

Although he works "a half day"—7 a.m. to 7 p.m.—Neubauer and his wife Antonia, who just earned her Ph.D. in secondary school administration, are avid supporters of local artistic organizations. In addition to serving on the board of the Philadelphia Chamber of Commerce and the University of Chicago's Graduate School of Business Council, Neubauer sits on the boards of the Philadelphia Orchestra and College of Art.

The low-key executive says he has learned "a lot" from co-founder William S. Fishman and has "a lot more" to learn from the 67-year-old chairman of the board. Fishman brought Neubauer into the $3 billion company and Fishman's "creative genius," says Neubauer, has always attracted the new ceo.

"I see myself as a builder of companies," says Neubauer, 41, and although his background is financial he says he has been "accused of creative management" along the way. His desire to help people grow is evidenced by his title as chairman of the board of INROADS/Philadelphia, an organization that sponsors minority development programs.

It was the opportunity for his own growth that attracted Neubauer to ARA in 1979 when he worked for PepsiCo. That and the "public nature of the private company," intrigued him.

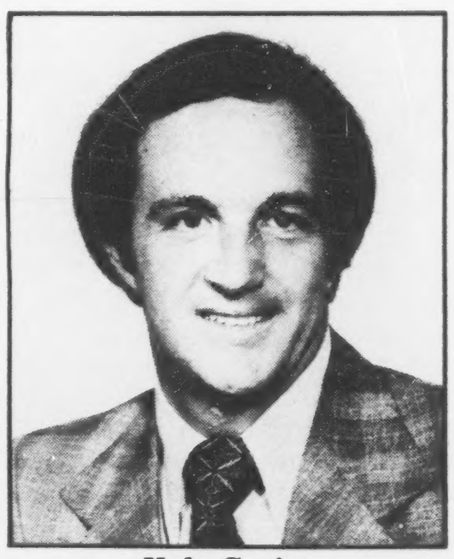
BK opens new 'battle of the burgers' offensive

By Joe Edwards

NEW YORK—Burger King has decided to resume its controversial "battle of the burgers" ad campaign aimed at top rival McDonald's because a similar advertising campaign last fall was "successful beyond our wildest expectations," a Burger King executive says.

Kyle Craig, executive vice president of marketing for the No. 2 burger chain, cites figures showing significant per-unit sales gains at Burger King during the months when the first burger battle ads were aired.

In the new spots, Burger King repeats a claim made last fall that consumers by a three-to-one margin prefer broiled hamburgers to fried hamburgers.



Kyle Craig

Craig says Burger King hired an outside research firm to conduct the opinion polls last fall and prior to the start of the current ad campaign. In both cases, the ads made the claims without citing any data.

All three TV networks demanded to see the results of the polls before airing the ads, Craig says.

The current campaign is not expected to have the dramatic impact of the original "battle of the burgers" ads, Craig says. But the chain wants to continue to let customers know about what he calls "the Burger King advantages."

Designed by Burger King's ad agency, J. Walter Thompson of New York, the current campaign is split in two parts and will run for six to 13 weeks at an estimated cost of $10 million-$15 million. About 85% of total expenditures will go for TV spots.

The first ads in the latest campaign feature Burger King employees poking fun at McDonald's while revealing the results of the cooking method preference poll. Those ads ran for two weeks.

They are being followed by testimonials from fast-food customers who explain for the cameras why they prefer broiled burgers to fried.

Last fall's ad campaign made that point and included claims that customers preferred the taste of Burger King's Whopper to similar McDonald's and Wendy's burgers. McDonald's and Wendy's filed separate lawsuits charging Burger King with "false and misleading" advertising. Those suits were settled out of court; terms were not disclosed.

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Sambo's files reorganization plan to relieve Chapter 11 constraints

By Richard Martin

LOS ANGELES—Sambo's Restaurants Inc. could be operating without Federal bankruptcy-law constraints by mid-year, according to an attorney for the company's creditors committee, which must now decide whether to recommend acceptance of a formal reorganization plan giving unsecured creditors 58% of the restructured company.

Sambo's filed its long-awaited plan last month with the United States Bankruptcy Court here, which has been protecting the company from creditors and regulating its operations under Chapter XI of Federal bankruptcy law since Nov. 1981. Sambo's must still file a disclosure statement, expected by mid-April, providing additional details relating to the proposed reorganization.

Attorney J. Ronald Trost, counsel for the creditors committee, told *Nation's Restaurant News* the committee "cannot decide whether to recommend acceptance . . . until we see the disclosure statement.

"It'll take a lot of information that we don't have now," Trost said. He added that a recommendation to the court could come "very soon" after the company files its disclosure statement.

"If the creditors accept the plan and the other requirements of confirmation are met, the plan would be confiremd and Sambo's would be out of Chapter XI," Trost declared.

The plan calls for the issuance of 11.6 million new common shares to replace the shares now outstanding. Of the proposed new issue, Sambo's unsecured creditors would get a minimum of about 6.8 million shares, or about 58.6%, as well as $65.8 million in long-term unsecured promissory notes. Holders of the company's 12.8 million common shares now outstanding would receive about 1.4 million of the new shares, about 12%.

City Investing Corp.'s GDV Inc. subsidiary would be issued about 2.9 million shares, or about 25%, under previously announced terms of its $18-million loan agreements with the company. City Investing owns all of Sambo's preferred shares, which are convertible into common shares that would currently give it 34% of the company as now constituted.

Foothill Capital Corp., which

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HIGHLIGHTS IN THIS ISSUE

6 Chicago's Near North Side and the surrounding Gold Coast area are disappointing markets for the powerful chain restaurants located there. Perhaps the problem is the lack of front-of-the-house spontaneity, says *NRN* editor Charles Bernstein.

15 The decline in standards for meat and poultry inspections could jeopardize the quality of food served in restaurants, warns Ralph Nader's Center for the Study of Responsive Law.

16 The smart restaurateur should use discretion when choosing a house wine, explains *NRN* Wine & Spirits columnist Mort Hochstein.

36 A hefty advertising budget is not necessarily a good reason to invest in a restaurant company, observes *NRN*'s Wall Street View columnist Roger Lipton.

47 Stuart Johnsen, *NRN*'s Great Chef Profile for March, has worked at cooking since he was 10. Today, 24 years later, he is co-owner and executive chef at Enzio's and Trumpets restaurants in Chicago.

52 Getting involved with charities and worthwhile causes can turn out to be good business as well as good public relations, says Inside Promotions columnist Louis J. Haugh.

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Incentive systems proliferate as salaries soar

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$52,000 on a base salary of $25,000, but unit-level profit participation varies from 7.5% to 35% of net, resulting in the six-figure earnings for one manager at the high end of the scale.

"There's really no scientific formula here," says Darrell Burrage, Marie Callender's controller. "The particular percentage paid is more a function of where the unit is located and its potential volume." While some managers particpate in ownership of the mostly company-owned units, Burrage says that equity involvement is the exception, not the rule. However, "it is important that the manager feels he has a vested interest," Burrage says, indicating that company policy rewards managers who are able to function autonomously.

San Antonio-based Luby's, which reportedly has the highest level of management compensation in the industry, has taken a radical departure from the usual approach to compensation. Managers, who earned an average of $110,000 a year in 1981, receive no base salary, only a percentage of gross profits from their cafeterias. To arrive at full management status, Luby's personnel must first serve for five to six years at lower levels of management where they can, nonetheless, earn an average of $56,000 a year.

Four-year-old Shari's, which has grown rapidly to 26 units in the Pacific Northwest from its base in Portland, Ore., pays its managers 30% of their unit's net profits on top of a base salary of $18,000. Contributing to what can be six-figure incomes for managers is founder Ron Bergquist's equipment leaseback plan, wherein managers put up $60,000 to purchase about a third of the kitchen equipment for their unit, and get a $1,200 check each month on the equipment lease as long as they remain with the company, plus the depreciation on that equipment.

Bergquist, a Sambo's veteran, wanted his company to avoid any of the pitfalls which might have come from partnership arrangements that bore any similarity to "Fraction-of-the-Action." Thus, his plan calls for an investment in equipment, rather than a cash payment for an equity interest.

"Our deal with managers is strictly an arms-length arrangement," Bergquist says. "No proprietary rights as such are surrendered." Bergquist and other company chieftains fault Sambo's old plan for giving a true equity share to managers, who were then able to walk away, even manage a competing restaurant right across the street, and maintain a claim on the Sambo's unit's profits.

Bergquist believes that even calling a relationship with a manager a "partnership" invites legal problems from those who might want to split hairs over ongoing rights after parting with a company. He says that the equipment leaseback feature of his compensation package amounts to a 24% ROI to the managers. But, he says, "that was the price we were willing to pay to make sure there was a solid wall between management interests and proprietary rights in the company."

Other companies are not quite so concerned as Bergquist over nomenclature. Executives of Golden Corral Corp., the family steakhouse chain based in Raleigh, N.C., call their plan a "joint venture" and a "true partnership." At Golden Corral a manager pays the company $20,000 and gets the rights to 20% of his unit's profits. He may purchase an additional 5% for $5,000 after one year, and a like amount after the second year, for a total of 30%. Coupled with a $16,000 base salary, managers may earn as much as $70,000.

Currently, managers may borrow 90% of the partnership fee from Golden Corral, so that even if profits (and consequently a manager's ROI) are slim initially, they will not have relinquished a large cash investment for participation. Having learned the lesson from the defunct "Fraction-of-the-Action" debacle, Golden Corral has written very specific company-repurchase provisions into its nontransferable "partnership" contracts should either party choose to terminate.

"Actually, the inception of our first plan back in 1973 was very much like the origins of the 'Fraction-of-the-Action' plan," says James E. Maynard, Golden Corral president. "But we studied its major flaws. Sambo's problem was the fact that it was a public company which was also trying to sell partnerships," Maynard says. With Sambo's stockholders on one hand and its managers on the other, Sambo's "found itself trying to please two masters."

That situation did, indeed, prove to be untenable. In 1977 the Securities and Exchange Commission investigated Sambo's, focusing primarily on the company's treatment of joint venture sales as income. The S.E.C. concluded that if Sambo's continued, as it had, to buy back the interests sold to restaurant managers who later left the company, it could not treat the sales as income, but should instead book the receipts as deposits. This decision led to a change in policy which made additional increments in equity harder to come by and dramatically reduced the incentive for managers to stay with the company. All of this precipitated the disastrous management turnover rate which contributed heavily to Sambo's rapid decline in the late 70's.

The fact that Golden Corral is a private company makes its partnership arrangements decidedly different, Maynard says. "If we were a public company things would probably be very different—someone running a public company would have problems with a plan like ours.

"But the fact of the matter is that we have a highly motivated team, partly due to our commitment to make our partnerships work." Along with careful hiring practices, and proper training and supervision, Maynard gives the profit participation plan much of the credit for a management turnover rate which he estimates to be a low 18%.

Likening talented restaurant managers to professional basketball players, in terms of the value placed on their skills, Maynard says that an increasing scarcity of talent will soon change the rules of the food-service game. "Supply and demand is certainly at work in our industry," he says. "In the future, all of the well-run companies in this country are going to be offering substantially higher compensation to managers than they ever dreamed of."

In addition to facing potential legal constraints from deriving income from the sale of partnerships, publicly held companies have other obligations they msut heed in the area of management compensation. Says Thomas Fleck, chairman and ceo of the publicly held Garcia's of Scottsdale chain of Mexican restaurants: "You don't want to restrict the amount of money a manager can make, but you have to make money for your shareholders, too.

"Let's just say that highly skilled managers can be retained for somewhere in the range of $40,000 to $60,000. If you're paying them $100,000, your shareholders are going to want to know why."

Garcia's has a per cent-of-profit plan for its managers, based on goals set by regional managers.

A very definite trend away from compensation plans which approximate equity ownership is seen by Norm Habermann, president of the Carrow's restaurant chain based in Santa Barbara, Calif. Carrow's had been paying its managers a flat 20% of profits as a bonus, but has now converted 85% of its managers out of that program into one that ties bonuses into meeting quarterly sales and profit targets.

"Equity plans work fine as long as the profits are good," Haberman says, "but if a restaurant is not doing well you'll have a dissatisfied employee.

"You have to start by having a truely competitive base salary—something in the $22,000 to $25,000 range. With our new plan we have a greater degree of control over specific objectives by paying managers a bonus for meeting, and a bigger bonus for exceeding, given targets." The bonuses range from 20% of profits to as high as 40%, constituting what Habermann says is "a sufficiently meaningful carrot."

'Highly skilled managers can be retained for $40,000 to $60,000. If you're paying them $100,000, your shareholders are going to want to know why."

—Thomas Fleck

1940's-styling marks new diner concepts

(Continued from page 1)

Spokesmen for the Joe's Diner team characterized the concept as both "an upscale Hamburger Hamlet," and as positioned "above Velvet Turtle." Seeing itself as a response to the "over-ethnicization" of fine dining in the Los Angeles area, Joe's Diner will offer strictly American dishes, such as steaks, roasts, chops, seafood, chicken, prime ribs, stews "and other old-time American favorites." Preliminary estimates call for a food-only check average of $9 at lunch, and $15 at dinner.

A prototype design by a Los Angeles architectural firm employs stainless steel and glass, with neon highlights, in the restaurant's exterior. The 1940's look will be carried into the interiors with the use of art deco, brass and natural wood trim and fixtures. The store layout includes a full dining room, lounge, and dining car-style area. The developers expect per-unit development costs of about $2 million for the restaurants, each having from 6,000 to 8,000 sq. ft.

The principal financial backer of the project is family-operated Shea Enterprises, of Milford, Conn. Additional capital and operational expertise will come from California investors and restaurateurs, including an internationally known chef, who reportedly have solid track records in the chain dinnerhouse field. To minimize conflict in their pre-existing business involvements, identities of the West Coast partners were not disclosed, pending finalization of the lease agreement on the initial Brentwood unit.

Beyond the targeted September opening, the team's game plan calls for six more units to be in operation by the end of 1985, with another three to open the following year.

Other locations in the Los Angeles area regarded by the developers as compatible with the Joe's Diner concept are Santa Monica, West Hollywood, Beverly Hills and Westwood.

BK breaks burger war armistice with new advertising offensive

(Continued from page 2)

Craig says he has no idea what McDonald's reaction will be this time around. "It's so hard to predict," he says, "but I don't expect them to like the ads."

The "battle of the burgers" became a media event last fall, especially after McDonald's and Wendy's sued Burger King. Craig says the free publicity was worth "millions of dollars."

There were other benefits as well. After adjustments for menu price increases, Burger King sales were up 10% in October, 5% in November, 9% in December, and 16% in January, according to tracking service *Restaurant Industry Trends*, Middletown, N.J. Craig says the figures are basically accurate although somewhat "understated."

Industry skeptics, however, note that Burger King's improved performance in October, November and December was partially due to the chain's very weak sales performance in the year-earlier period. Also, sales in January 1982 were adversely affected by extremely bad weather in many parts of the country.

And, it has been pointed out, Burger King's 10% adjusted sales gain in October 1982 over October 1981 was helped by a weekend two-for-one Whopper offer this past October that was heavily promoted on local and network TV.

Still, the "battle of the burgers" ads did have a favorable impact on sales. "We haven't seen numbers like this since . . . since never," Craig says.

In the same period Burger King was enjoying increased unit sales (October 1982 through January 1983), McDonald's unit sales were up 3%, 1%, 3% and 5% and Wendy's 6%, 1%, 2% and 2% respectively, after adjustments for menu price hikes.

Craig gave a preview of the new ad campaign earlier this month at J. Walter Thompson's New York offices. He invited business newspaper and magazine reporters to separate screenings and also was interviewed by the *Wall Street Journal*. He says he did not solicit publicity from the consumer press.

Burger King expects its franchisees to react favorably to the new ads. Last fall, Craig says, "there was tremendous franchisee reaction to the campaign and the direction we're going. We showed increased sales and new customers and that gets franchisees pretty damn excited."

The "broiling is better" ads were first shown on March 4 following a less ambitious advertising campaign in which Burger King touted the advantages of its resurrected Whaler fish sandwich over a similar McDonald's product. The humorous ad was done as a spoof of the film "Jaws" with a Whaler box gobbling up a McDonald's fish sandwich package.

Burger King, meanwhile, is exploring other strategies in its drive to catch McD. In an effort to locate new types of locations, executives say they soon hope to conclude an agreement with Woolworth to put BKs in at least a handful of Woolworth stores.

The fast feeder is already in 26 Greyhound terminals through a franchise agreement with Greyhound Food Management.

BK opened a unit at the Pearl Harbor Navy Exchange building last October which is setting an annual $2 million sales pace there. It has just won a bid to open a unit in a Coast Guard bowling alley at Governor's Island, New York City.

In a deal with Truck Stops of America as a franchisee, BK units are opening at Truck Stop locations in Nashville, Roanoke and Ontario, Calif.

BK has joined the college campus battle with a unit inside a dining hall at Triton College in River Grove, Ill.

Late-night drive-thrus and units strictly for takeout use are also being tried. A Whopper Express has opened on Beaver Street in the Wall Street district, with a full-menu carryout system.

"We're looking to use existing franchisees as experts to penetrate some of our new market areas such as turnpikes," explains BK institutional and franchise development director Tim Johnson.